

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-08
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 2484
INFO ALL AMCONSULS CANADA

UNCLAS OTTAWA 0619

E.O. 11652: N/A
TAGS: ECON, CA
SUBJ: BUDGETARY MAIN ESTIMATE S FOR FY 1977/78

1. ROBERT ANDRAS, PRESIDENT OF TREASURY BOARD, TABLED ON
FEB 16 BUDGETARY MAIN ESTIMATES FOR FISCAL YEAR 1977/78,
SHOWING ABOUT SEVEN PERCENT INCREASE IN FEDERAL
EXPENDITURES OVER LEVEL OF SPENDING PLANNED FOR FY 1976/77,
ENDING MARCH 31, 1977. ANDRAS SAID TOTAL FEDERAL EX-
PENDITURES FOR FY 77/78 WOULD BE C\$45.1 BILLION VERSUS
C\$42.2 BILLION IN FY 76/77.

2. MAIN ESTIMATES, ACCORDING ANDRAS, CONTAIN PROVISIONS FOR
ONLY ONE MAJOR NEW PROGRAM; I.E., "EMPLOYMENT STRATEGY TO
BE IMPLEMENTED IN NEW FISCAL YEAR BY ...MANPOWER AND
IMMIGRATION," WITH PROJECTED COST OF C\$286.5 MILLION.

3. ANDRAS SAID OPERATIVE WORD FOR GOC SPENDING ESTIMATES
WAS "RESTRAINT," AND THERFORE HE WAS ABLE TO BRING DOWN
BY 1977/78 MAIN ESTIMATES WHICH WERE LESS THAN 11 PERCENT
-INCREASE FORECAST BY FINMIN MACDONALD LAST MAY. IN
FACT, ACTUAL SPENDING BY GOC IN CURRENT FISCAL YEAR
"IS LIKELY TO BE LOWER THAN GOVERNMENT'S TARGET OF
14 PERCENT AND ALSO LOWER THAN ANTICIPATED GNP GROWTH."
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4. CHIEF DECREASE IN FY 77/78 ESTIMATES FROM FY 76/77
IS FOR ENERGY, MINES AND RESOURCES, WHERE DROP OF C\$577.5
MILLION IS ATTRIBUTED TO REDUCTION IN OIL IMPORT COM-
PENSATION PAYMENTS. MAIN INCREASE IN NEXT FISCAL YEAR
IS FOR DEPARTMENT OF FINANCE (UP C\$978.4 MILLION), WITH
MAIN COMPONENT OF INCREASE BEING C\$700 MILLION MORE IN

PUBLIC DEBT CHARGES NOW PROJECTED AT C\$5,350 MILLION
FOR FY 77/78.

5. COMMENT: SINCE MOST ANALYSTS HAD EXPECTED MAIN
ESTIMATES TO BE 11 PERCENT HIGHER THAN THIS FISCAL YEAR'S
ESTIMATES, GOC WILL PROBABLY RECEIVE SOME PRAISE FOR
HOLDING DOWN SPENDING FOR NEXT FISCAL YEAR. EMBASSY WILL COMMENT
FURTHER WHEN IT COMPLETES ITS ANALYSIS OF BUDGET
ESTIMATES.
ENDERS

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Message Attributes

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Disposition Approved on Date:
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